MUNICIPAL POTASH TAX SHARING ADMINISTRATION BOARD

FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Municipal Potash Tax Sharing Administration Board, which comprise the statement of financial position as at December 31, 2014, and the statement of operations and accumulated surplus for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Municipal Potash Tax Sharing Administration Board as at December 31, 2014, and the results of its operations and changes in its net assets for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
February 10, 2015

Judy Ferguson, FCPA, FCA
Acting Provincial Auditor

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Statement 1

Municipal Potash Tax Sharing Administration Board
Statement of Financial Position
As at December 31, 2014

	2014	2013
Assets		
Cash	$ 24,164	$ 18,246
Accounts Receivable	-	3,600,518
Total Assets	24,164	3,618,764
Liabilities		
Accounts Payable	-	3,596,918
Total Liabilities	-	3,596,918
Accumulated Surplus (Statement 2)	$ 24,164	$ 21,846

The accompanying notes form an integral part of the financial statements.

Statement 2

Municipal Potash Tax Sharing Administration Board
Statement of Operations and Accumulated Surplus
As at December 31, 2014

			2014	2013
Revenue:				
Municipal Taxes Received From Rural Municipalities (Note 7)			$ 16,125,053	$21,196,985
Less: Tax Sharing Distributions (Schedule 1)				
Areas of Influence	**Rural**	**Urban**		
Pense	870,533	96,726	967,259	993,558
Esterhazy	5,467,776	607,531	6,075,307	7,046,811
Saskatoon Lanigan	8,151,738	905,749	9,057,487	13,135,419
	14,490,047	1,610,006	16,100,053	21,175,788
Revenue Held for Administrative Costs (Note 6)			25,000	21,197
Expenditures:				
Services Provided by Sask Association of Rural Municipalities			13,000	10,000
Secretary-Treasurer's Honorarium			3,000	6,000
Board Member Per Diems			3,540	1,100
Board Members Travel			1,158	88
Maps			580	-
Consultation Meetings			1,088	-
Insurance			300	300
Other Expenses			16	-
			22,682	17,488
Annual Surplus For The Year			2,318	3,709
Accumulated Surplus, Beginning of Year			21,846	18,137
Accumulated Surplus, End of Year (To Statement 1)			$ 24,164	$ 21,846

The accompanying notes form an integral part of the financial statements.

Municipal Potash Tax Sharing Administration Board
Notes to the Financial Statements
December 31, 2014

1. Authority

The Municipal Potash Tax Sharing Administration Board (Board) was established under Section 3 of *The Municipal Tax Sharing (Potash) Act* (Act). Under provisions of the Act, taxes levied by rural municipalities on potash mines are remitted to the Board. The Board administers the tax sharing program established under the Act. Disbursements to municipalities, located within the areas of influence of a potash development, are made on the basis of formulae prescribed in regulations to the Act.

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards. The Board maintains a system of accounting and administrative controls to ensure that accurate and reliable financial statements are prepared and to obtain reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are maintained.

2. Significant Accounting Policies

These financial statements have been prepared using Canadian public sector accounting standards. The following accounting policies are considered significant.

a) Revenue - The municipal taxes received from rural municipalities are recognized as revenue when received or receivable.

b) Tax Sharing Distributions - Tax sharing distributions are recorded as an expense when the calculations have been approved by the Board.

3. Cash Flow Statement

A cash flow statement has not been provided since cash flow information is readily apparent from the other financial statements.

4. Budget

The budgeted amounts disclosed in these statements are those approved by the Board on March 31, 2014.

5. Distribution of Funds

As per Section 7(1) of the General Regulations under *The Municipal Potash Tax Sharing (Potash) Act,* the funds available for distribution to municipalities are disbursed to the municipalities in each unit with 90% being paid to rural municipalities and 10% being paid to urban municipalities.

6. Administration Costs

The regulations permit the Board to withhold up to 0.5% of taxes received, to a maximum of $25,000, for the general administration of the Board. During the year, the Board withheld 0.2% (2013 - 0.1%) of taxes received totalling $25,000 (2013 - $21,197).

7. **Municipal Taxes From Rural Municipalities** (Municipal Tax Levy Less Discounts)

Rural Municipality	RM #	Budget 2014	Actual 2014	Actual 2013
Pense Area:				
Pense	160	$ 969,092	$ 968,761	$ 994,553
Esterhazy Area:				
Rocanville	151	2,972,513	2,972,524	3,634,580
Spy Hill	152	1,907,467	1,907,475	2,053,067
Langenburg	181	1,204,736	1,204,740	1,366,218
		6,084,716	6,084,739	7,053,865
Saskatoon Lanigan Area:				
Usborne	310	2,481,283	2,493,310	2,712,739
Colonsay	342	1,013,674	1,093,649	1,710,642
Blucher	343	1,701,976	1,799,330	2,993,785
Corman Park	344	2,052,840	2,062,791	3,600,518
Vanscoy	345	1,614,060	1,622,473	2,130,883
		8,863,833	9,071,553	13,148,567
		$ 15,917,641	$ 16,125,053	$ 21,196,985

Schedule 1

Municipal Potash Tax Sharing Administration Board
Schedule of Tax Sharing Distributions
For the Year Ended December 31, 2014

		Budget 2014	Actual 2014	Actual 2013
Pense Area				
Rural Municipalities				
129	Bratt's Lake	$ 6,444	$ 6,443	$ 6,424
130	Redburn	129,608	129,517	122,020
131	Baildon	42,153	42,116	41,865
159	Sherwood	56,418	56,369	54,874
160	Pense	406,113	405,813	401,131
161	Moose Jaw	165,741	165,613	192,603
189	Lumsden	25,544	25,422	26,038
190	Dufferin	26,350	26,329	32,555
191	Marquis	12,917	12,911	16,692
		871,288	870,533	894,202
Urban Municipalities				
Village of Belle Plaine		6,553	6,547	6,726
Village of Bethune		9,929	9,921	10,190
Village of Briercrest		2,755	2,753	2,828
Village of Disley		1,862	1,860	1,911
Village of Drinkwater		6,454	6,448	6,624
Village of Grand Coulee		14,174	14,162	14,547
Village of Pense		52,824	52,778	54,212
Village of Tuxford		2,259	2,257	2,318
		96,810	96,726	99,356
Total - Pense Area		968,098	967,259	993,558
Esterhazy Area:				
Rural Municipalities				
121	Moosomin	182,480	182,382	186,058
122	Martin	56,348	56,306	55,776
151	Rocanville	980,418	980,052	1,293,844
152	Spy Hill	1,768,195	1,767,516	1,745,239
153	Willowdale	74,204	74,188	95,381
181	Langenburg	1,140,015	1,139,577	1,289,345
183	Fertile Belt	873,859	873,530	1,163,737
211	Churchbridge	253,824	253,740	320,238
213	Saltcoats	140,553	140,485	192,512
		5,469,896	5,467,776	6,342,130

Municipal Potash Tax Sharing Administration Board
Schedule of Tax Sharing Distributions
For the Year Ended December 31, 2014

	Budget 2014	Actual 2014	Actual 2013
Urban Municipalities			
Village of Atwater	1,222	1,222	1,417
Village of Bangor	1,814	1,813	2,103
Town of Bredenbury	14,351	14,346	16,640
Town of Churchbridge	29,294	29,283	33,966
Town of Esterhazy	273,781	273,675	317,438
Village of Gerald	17,979	17,972	20,845
Town of Langenburg	42,344	42,328	49,097
Town of Rocanville	135,156	135,103	156,708
Village of Spy Hill	32,172	32,160	37,303
Village of Stockholm	13,445	13,439	15,588
Village of Tantallon	16,559	16,553	19,200
Village of Welwyn	21,291	21,282	24,685
Village of Yarbo	8,358	8,355	9,691
	607,766	607,531	704,681
Total - Esterhazy Area	6,077,662	6,075,307	7,046,811
Saskatoon/Lanigan Area:			
Rural Municipalities			
279 Mount Hope	185	187	245
280 Wreford	51,302	52,204	73,107
281 Wood Creek	4,079	4,157	5,244
283 Rosedale	4,541	4,606	6,115
309 Prairie Rose	205,233	208,291	293,292
310 Usborne	974,915	990,113	1,565,100
312 Morris	608,457	640,976	744,433
313 Lost River	318,378	339,849	478,754
314 Dundurn	228,030	232,221	311,803
315 Montrose	216,843	220,799	366,145
316 Harris	60,405	61,454	88,895
339 Leroy	119,853	122,046	178,836
340 Wolverine	875,585	888,439	1,382,515
341 Viscount	537,282	548,252	698,516
342 Colonsay	599,189	610,642	911,948
343 Blucher	620,432	633,676	935,592
344 Corman Park	788,135	805,489	1,160,510
345 Vanscoy	876,924	894,393	1,454,997
346 Perdue	255,621	259,896	373,223
370 Humboldt	6,937	5,730	8,437
371 Bayne	94,274	95,794	123,345
372 Grant	173,685	176,422	194,260
373 Aberdeen	287,416	293,300	391,663
376 Eagle Creek	61,772	62,802	74,902
	7,969,473	8,151,738	11,821,877

Municipal Potash Tax Sharing Administration Board
Schedule of Tax Sharing Distributions
For the Year Ended December 31, 2014

	Budget 2014	Actual 2014	Actual 2013
Urban Municipalities			
Town of Aberdeen	21,103	21,586	31,303
Town of Allan	91,315	93,405	135,457
Town of Asquith	21,244	21,730	31,513
Village of Bradwell	32,411	33,153	48,079
Village of Clavet	54,395	55,640	80,689
Town of Colonsay	66,936	68,468	99,293
Town of Dalmeny	47,595	48,685	70,603
Town of Delisle	137,396	140,541	203,812
Village of Drake	7,116	7,279	10,556
Village of Elstow	12,542	12,829	18,604
Village of Kinley	1,585	1,622	2,352
Town of Langham	40,338	41,261	59,837
Town of Lanigan	168,398	172,252	249,800
Village of Meacham	2,959	3,027	4,390
Village of Perdue	12,753	13,045	18,918
Village of Plunkett	2,642	2,703	3,919
Village of Vanscoy	53,126	54,342	78,807
Village of Viscount	35,512	36,324	52,678
Town of Vonda	12,436	12,721	18,447
Town of Watrous	50,343	51,478	74,679
Village of Young	8,420	8,613	12,490
Village of Zelma	4,932	5,045	7,316
	885,497	905,749	1,313,542
Total - Saskatoon Lanigan Area	8,854,970	9,057,487	13,135,419
Total Tax Sharing (To Statement 2)	$ 15,900,730	$ 16,100,053	$ 21,175,788